

EXECUTIVE SECRETARIAT
Routing Slip

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SUSPENSE 1 June
Date

Remarks: Please prepare reply for DDCI's signature.

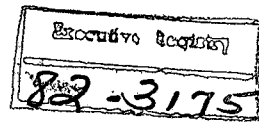
ase
Executive Secretary
24 May 82
Date

CONFIDENTIAL

THE DEPUTY SECRETARY OF THE TREASURY

WASHINGTON, D.C. 20220

May 20, 1982

Dear ~~Admiral~~ ^{Bobby} Inman:

I understand that the Intelligence Community is beginning the FY 1984 budget cycle and that Treasury's budget forecast is due on June 15, 1982. It therefore seems to be an appropriate time to raise again the possibility that Treasury's Office of Intelligence Support (OIS) be funded as a national rather than a departmental intelligence activity. My reasons for requesting this are as follows.

OIS can be looked upon as an extension of the Intelligence Community, providing the mechanism for supplying Treasury with the intelligence materials it needs. Much of OIS's work is of direct assistance to the Community in providing feedback on reports, requirements for collection and analysis, contributions to national intelligence products and some Treasury information and analysis of national intelligence interest.

Because of the severe budget cutback which Treasury has taken in FY 82 and FY 83 and will again be faced with in FY 84 and beyond, we have real problems in protecting OIS from the personnel and money cuts that we are imposing on other Treasury offices. Your decision to approve the assignment to OIS of an additional officer on non-reimbursable detail was helpful recognition of the functions the office performs for the Intelligence Community, but does not solve the basic problem. Within the limited Treasury budget, OIS is in competition with other offices performing important Treasury functions, and I cannot guarantee that the costs and personnel approved within the NFIP can be accommodated. The office also needs some ADP support to boost its efficiency in handling the growing volume of intelligence reporting of interest to Treasury. The total OIS budget is approximately \$400,000.

My proposal would be to continue to have the OIS budget prepared and submitted by Treasury in accordance with NFIP procedures. Treasury would continue to administer OIS but its funds would come directly from an Intelligence Community appropriation rather than through Treasury's normal appropriation procedure. Although the appropriate Committees of Congress would be briefed on this procedure, the exact amount of the intelligence appropriation would not need to be made public since OIS does not appear as a separate line item in the budget for the Office of the Secretary of the Treasury.

(ALL PORTIONS CARRY CLASSIFICATION
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Declassification on 5/19/02

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As you know, the Study of Intelligence Capabilities for 1985 calls for increasing the official reporting positions for Treasury, State, Commerce and Military officers and attaches in order to step up overt HUMINT collection on economic targets. Here again Treasury has budgetary problems in supporting its present attache structure, and has no prospect of expanding it unless additional funds are made available. If the Intelligence Community wished to support an increase of Treasury reporting positions for national intelligence purposes, the funding of OIS would provide a good cover for introducing such additional funds into Treasury without having an undesirable intelligence link to the Treasury attaches.

If the offer to fund OIS from the intelligence budget, which you made to me on the telephone several months ago, still stands, I would appreciate your confirmation in writing. We will then be able to cite this approval in our FY 84 budget forecast and work out the details within the budget process.

Sincerely,



R. T. McNamar

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